

State saves millions with generics

BACKGROUND

- *Generics First initiative encourages doctors to prescribe lower-cost generic drugs in major classes*
- *More than 80 percent of targeted physicians have increased their percentage of generic prescriptions*
- *OptumInsight data warehouse helps state Health Care Authority track and analyze provider performance, develop feedback and peer comparison reports that are critical part of state's outreach and education efforts*

The State of Washington has saved tens of millions of dollars in Medicaid costs in the last two years by encouraging physicians to prescribe more lower-cost generic drugs and reduce the number of prescriptions they write for brand name medications. More than 80 percent of targeted providers have increased their percentage of generic prescriptions since 2009.

The state's successful Generics First program has saved up to \$56 million annually in Medicaid drug costs, according to Dr. Jeff Thompson, Chief Medical Officer for the Washington Health Care Authority (HCA). Thompson said it is difficult to pinpoint exact savings because new drugs are developed all the time and older drugs are moved to the generic list. However, he estimates that for every percentage point increase in generic drugs prescribed, Washington saves between 0.5 percent (\$28 million) and 1.0 percent (\$56 million) of its annual \$400 million Medicaid prescription drug budget. The range depends on federal drug rebate decisions, which sometimes take years to sort out.

In the last two years, Generics First has helped Washington increase the percentage of Medicaid generic drugs prescribed from 68 percent to 82 percent of total prescriptions written – a 14 percent improvement that will translate into millions of dollars in savings..

The state's Generics First initiative centers on a partnership with OptumInsight (formerly Ingenix), a health care information, technology, and consulting company. OptumInsight provides data warehouse analytics that help the agency track and analyze claims and assess generic versus brand drug use. OptumInsight also develops the peer comparison reports that HCA sends to physicians as part of its frequent outreach and education efforts.

"We're using claims data to be accurate and precise about performance and best practices, and these feedback reports are critical to our success because they let providers know how they are doing against their colleagues in similar areas and specialties," said Dr. Thompson. "This combination has helped the vast majority of providers to respond positively to our efforts. OptumInsight has been a valued partner in the success of Generics First."

The Generics First initiative tracks prescribing records, and educates providers on the savings that are possible by using generic equivalents, which have the same ingredients and the same effect as the brand name drugs. Washington views the initiative as a long-term proposition, setting the state on a path toward continuing savings.

HCA Director Doug Porter said: "What this initiative has accomplished, in addition to saving taxpayers millions of dollars, is to show that Medicaid agencies can work with providers to contain costs, provide quality care, and develop measures for performance and feedback – and we can do it collaboratively and in a non-adversarial way."

As part of legislation to reduce Medicaid drug costs, the HCA Generics First initiative has been providing feedback reports and educational outreach to 780 providers with the highest brand prescription use. These

represent about 10 percent of Washington's "endorsing prescribers" – those providers who apply for special status that permits them to prescribe brand-name drugs without prior approval. The prescribers targeted for outreach were those whose generic scripts for six major and frequently prescribed drug classes (all with generic options) were less than 80 percent of their total prescriptions, and whose "dispense as written" (DAW) prescriptions exceeded 25 percent of their total. The DAW designation requires pharmacists to fill prescriptions with brand name drugs if the doctor so specifies.

The drug classes HCA selected are: Proton Pump Inhibitors (PPI), for ulcers, gastric issues, etc; Non-Steroidal Anti-Inflammatory Drugs (NSAIDs), which are pain relievers for arthritis and other afflictions; second generation anti-depressants; stimulants for disorders such as hyperactivity, ADD; long-acting opiates or narcotics, such as methadone; and statins, which are used to reduce cholesterol.

For the peer comparison reports, OptumInsights performs analytics for each provider, measuring both overall and individual performance in the six therapeutic classes within the prescriber's peer group. Individual providers are presented their prescribing patterns graphically, measured against all other prescribers in their peer group and among 'best practice' prescribers (those in the top quartile in generic and DAW prescriptions). Providers are also given their "generics and DAW" performance for the previous reporting period and the current reporting period.

As a result of the outreach, HCA has seen steady improvement in generic prescriptions, which has translated to millions in hard dollar savings over the last two years:

- More than four in five physicians (82%, 647) increased their percentage of generic prescriptions
- Nearly two in three (65%, 516) lowered their percentage of DAW scripts
- Nearly six in ten (57%, 450) improved in both categories.
- Overall, more than half of the doctors are now prescribing generic drugs in greater than 80 percent of their cases and writing DAW prescriptions in less than 25 percent of their cases.
- Primary care and mental health providers account for more than 80 percent of the Medicaid drug costs, but also have high generic use – 81 percent for primary care and 72 percent for mental health professionals (generic use by pediatricians, by contrast, is only 47%)

HCA is also continuing to work with those providers who have yet to meet Generics First goals:

- For the nearly one in three (29%, 226) who have not met the generic or DAW targets, HCA has provided additional feedback reports outlining their differences between them and their peers, and offered to work with providers to improve their scores. With OptumInsight's assistance, HCA has implemented a quarterly feedback reporting process to this group to monitor progress.
- For the fewer than one in 10 (6%, 44) of providers who showed no improvement at all, HCA has asked for additional explanation as to why their generic and DAW rates are aberrant compared with peers. Providers who continue to show no progress could see their DAW privileges taken away as a last resort, Thompson said, although he believes continued outreach and education will eventually change prescribing patterns among this small group of outliers.

Thompson pointed out that the success of Generics First is likely to lead to other performance-based initiatives in which providers can share in any financial success HCA achieves. These can range from accountable care organizations (ACOs), which provide financial incentives for quality of care and performance, to bonus payments to physicians who meet benchmarks for preventive care.

Shelby Solomon, president of OptumInsight Government Solutions, said: "The State of Washington is at the forefront of innovation in the management of its Medicaid and public health programs, and Generics First is a great example of how HCA is combining technology, analytics, and provider collaboration to achieve success. OptumInsight believes in the power of all three and we are proud to work with Washington on this important initiative."

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